

Congressman

G.K. Butterfield
1st District of North Carolina



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Dear Friend,

March 23, 2010

This past Sunday, the House approved historic legislation reforming health insurance and America's health care system. After decades of debate, Congress finally declared that America's workers, families and small businesses deserve the security of knowing that neither illness nor accident should endanger the dreams they have worked a lifetime to achieve.

This morning I had the distinct honor of being among the officials at the White House who witnessed President Obama sign this bill into law. I spoke with President Obama and I thanked him on behalf of the people of North Carolina's First Congressional District. It was a moment I shall never forget.

Please know that our fight is not over yet. In passing this legislation, the House took action to improve and strengthen the bill. I look forward to the Senate vote on these changes in the coming days and to finishing the work of reform for all Americans.

Health Insurance Reform Approved

Over the weekend, the House voted to approve a package of health insurance reforms. Like Social Security and Medicare before, these reforms provide a historic step toward making good on the promise of ensuring every American has access to high-quality, affordable health care.

These reforms will finally bring an end to the quiet struggle millions of Americans face each day with a system that works better for the health insurance companies than it does for them. When it comes to health care, decisions must be made by patients and their doctors, not the government or insurance companies. And that's exactly what this bill does – it puts people back in charge.

In addition to providing the biggest deficit-reducing measures since the 1990s, these long-awaited reforms make coverage more affordable for everyone and hold insurance companies accountable, stopping the worst practices like denying coverage because of pre-existing conditions, dropping coverage when someone gets sick or arbitrarily hiking up premiums.

Here are some of the key provisions that would take effect immediately or very soon under the reforms approved by the House.

1. **SMALL BUSINESS TAX CREDITS**—Offers tax credits to small businesses to make employee coverage more affordable. Tax credits of up to 35 percent of premiums will be immediately available to firms that choose to offer coverage. And, beginning in 2014, the small business tax credits will cover 50 percent of premiums.
2. **MEDICARE PART D DONUT HOLE BEGINS TO CLOSE**—Provides a \$250 rebate to Medicare beneficiaries who hit the donut hole in 2010. Beginning in 2011, institutes a 50% discount on brand-name drugs in the donut hole; also completely closes the donut hole by 2020.

3. **FREE PREVENTIVE CARE UNDER MEDICARE**—Eliminates co-payments for preventive services and exempts preventive services from deductibles under the Medicare program. Effective beginning January 1, 2011.
 4. **HELP FOR EARLY RETIREES**—Creates a temporary re-insurance program (until the Exchanges are available) to help offset the costs of expensive health claims for employers that provide health benefits for retirees aged 55 to 64. Effective 90 days after enactment.
 5. **ENDS RESCISSIONS**—Bans health plans from dropping people from coverage when they get sick. Effective 6 months after enactment.
 6. **NO DISCRIMINATION AGAINST CHILDREN WITH PRE-EXISTING CONDITIONS**—Prohibits health plans from denying coverage to children with pre-existing conditions. Effective 6 months after enactment. Beginning in 2014, this prohibition would apply to all persons.
 7. **BANS LIFETIME LIMITS ON COVERAGE**—Prohibits health plans from placing lifetime caps on coverage. Effective 6 months after enactment.
 8. **BANS RESTRICTIVE ANNUAL LIMITS ON COVERAGE**—Tightly restricts new plans' use of annual limits to ensure access to needed care. Effective 6 months after enactment. Beginning in 2014, the use of any annual limits would be prohibited for all plans.
 9. **FREE PREVENTIVE CARE UNDER NEW PRIVATE PLANS**—Requires new private plans to cover preventive services with no co-payments and with preventive services being exempt from deductibles. Effective 6 months after enactment. Beginning in 2018, this requirement applies to all plans.
 10. **ENSURING VALUE FOR PREMIUM PAYMENTS**—Requires plans in the individual and small group market to spend 80 percent of premium dollars on medical services, and plans in the large group market to spend 85 percent. Insurers that do not meet these thresholds must provide rebates to policyholders. Effective on January 1, 2011.
 11. **IMMEDIATE HELP FOR THE UNINSURED UNTIL EXCHANGE IS AVAILABLE (INTERIM HIGH-RISK POOL)**—Provides immediate access to insurance for Americans who are uninsured because of a pre-existing condition - through a temporary high-risk pool. Effective 90 days after enactment.
 12. **EXTENDS COVERAGE FOR YOUNG PEOPLE UP TO 26TH BIRTHDAY THROUGH PARENTS' INSURANCE** – Requires health plans to allow young people up to their 26th birthday to remain on their parents' insurance policy, at the parents' choice. Effective 6 months after enactment.
 13. **COMMUNITY HEALTH CENTERS**—Increases funding for Community Health Centers to allow for nearly a doubling of the number of patients seen over the next 5 years.
 14. **INCREASING NUMBER OF PRIMARY CARE DOCTORS**—Provides new investment in training programs to increase the number of primary care doctors, nurses, and public health professionals. Effective beginning in fiscal year 2010.
 15. **PROHIBITING DISCRIMINATION BASED ON SALARY**—Prohibits new group health plans from establishing any eligibility rules for health care coverage that have the effect of discriminating in favor of higher wage employees. Effective 6 months after enactment.
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Myths vs. Facts

There has been a long and deliberative process in trying to deliver legislation that will meet the needs of the American people. Vigorous debate should always be a part of the process.

Unfortunately, this debate often went beyond individual viewpoints and the facts. Below are some of the false rumors about the bill being spread along with the reality.

FALSE MYTH: *Health insurance reform is a “government takeover.”*

FACT: The health insurance reform legislation expands private health insurance, and is based on increasing choice and competition – providing for new marketplaces (called “Insurance Exchanges”) where the uninsured, small business employees and the self-employed will be able to choose among a variety of competing private insurance plans.

Many people will benefit from tax credits to help them afford the health plan they choose. This plan has striking similarities to the plan put forward as the Republican alternative to the Clinton health care plan in November 1993.

The Congressional Budget Office estimates that there would be 24 million Americans obtaining their health insurance on an Insurance Exchange by 2019 – all of them enrolled in one of the private health insurance plans offered on the Exchanges.

FALSE MYTH: *Health insurance reform slashes Medicare and hurts seniors.*

FACT: Nothing in the health insurance reform reduces Medicare benefits for seniors. The reform achieves savings by cracking down on inefficiency, fraud and waste in Medicare – targeted at private insurance companies and providers, not beneficiaries. These savings include cutting large and unnecessary overpayments to private insurance companies that offer Medicare Advantage plans.

Rather than undermining Medicare, this bill strengthens Medicare. Much of the cost savings achieved are reinvested into Medicare – improving benefits. In fact, the legislation lowers prescription drug costs for seniors by closing the prescription drug donut hole, ensures free preventive care and extends the life of the Medicare Trust Fund by nine years.

Medicare is a sacred trust with Americans and this health insurance reform plan will ensure that trust is preserved.

FALSE MYTH: *Health insurance reform is bad for the economy.*

FACT: The nonpartisan Congressional Budget Office (CBO) says the legislation will dramatically reduce the deficit – by \$143 billion in the first 10 years and \$1.2 trillion in the second ten years – reins in costs for most Americans, and is fully paid for.

FALSE MYTH: *Health insurance reform will cost businesses too much.*

FACT: The status quo is unsustainable for the small business community – 60 percent of America’s uninsured, or 28 million people are small business owners, workers, and their families. Insurance costs for small businesses have increased 129 percent since 2000.

The health insurance reforms provide \$40 billion in tax credits for small businesses to help them offer coverage to their employees and exempts 96 percent of all businesses from the shared responsibility requirement.

Among the many key benefits to all businesses:

Health care costs for the uninsured will no longer be shifted onto employers and those with insurance coverage, approximating a savings of \$1,000 for a family policy.

Savings from delivery system reform and other cost-control measures will slow employers' skyrocketing health costs and increase employers' competitiveness.

Reforms of the health care delivery system improvements will increase the quality of employers' health plans.

Streamlines health plans to keep premiums lower by instituting a premium rate review process and setting standards for how much insurance companies can spend on administrative costs.

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